have, on the other hand, been occupying a stronger and stronger position in the market, and although their crops for the past two years have not been as great as those of the years just preceding, it seems likely that in them we are to find a rival of some importance for the markets of Great Britain and Belgium.

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THE NEW CURRENCY BILL.

THE direct outcome of the proposals of the Monetary Commission has appeared in the action of the House Committee on Banking and Currency in reporting favorably a bill which follows the plan of the commission in the main. The mechanism by which the United States notes are to be retired is, however, wholly new; but the end to be accomplished is the same.

(1) The present outstanding issues of United States notes known as "greenbacks" will cease to be a burden upon the Treasury for redemption in gold, so far as they are exchanged by national banks for national reserve notes.

National reserve notes are a new form of currency provided by the bill in place of the existing greenbacks. They are legal tender and are intended for circulation as currency or for use in the reserves of the banks in exactly the same manner as the existing greenbacks. National reserve notes are to be issued to any national bank to any amount not exceeding its paid-up capital, upon its surrender to the treasury of an equal amount of greenbacks.

The United States notes thus received are canceled and destroyed. The banks taking reserve notes are required to contribute to the current redemption fund held in the treasury 5 per cent. of the amount of their reserve notes in gold coin and to replenish this reserve whenever it is reduced by the redemption of the reserve notes.

The money in circulation is not reduced by any of the preceding provisions. National reserve notes take the place of the greenbacks for which they are exchanged and gold coin takes the place of greenbacks which are directly redeemed.

Existing national banks are required to take reserve notes, to the amount of 25 per cent. of their capital, but two privileges are offered

the banks in compensation for their assumption of the current redemption of the notes. One of these is the privilege of issuing currency notes upon general assets, which is set forth fully under the next general head. The second privilege is partial remission of the tax of one-fourth of 1 per cent. per year levied by the bill upon the capital, surplus and undivided profits of each bank. The remission thus allowed is at the rate of one-half of 1 per cent. per year of the amount of reserve notes issued to the bank.

National reserve notes may be recalled from the banks to which they have been issued by the Secretary of the Treasury in equitable proportions and distributed to new national banks, which are required to pay for them in gold coin after the United States notes cease to be available. The withdrawal of reserve notes does not reduce the limit of currency based upon commercial assets.

(2) National banks having charters under the old law may continue to issue currency as at present. The minimum amount of bonds required upon the passage of the bill is the same as under existing law—25 per cent. of the capital, but not exceeding $50,000 — but banks may issue notes upon all their bond deposits to the par value of the bonds, instead of 90 per cent., as at present. Beginning four years after the passage of the act, any bank may withdraw the bonds deposited to secure circulation at the rate of 25 per cent. of the required deposits per year and may withdraw those in excess of the minimum requirement at any time.

The privilege of issuing currency based upon commercial assets, without the deposit of the United States bonds, is granted to national banks to the amount of 40 per cent. of their paid-up capital, but only upon condition that notes secured by bonds and national reserve notes are taken in equal amounts. Thus, a bank organized under this bill, having a capital of $100,000, is required to have on deposit in the treasury $25,000 of United States bonds, against which it may issue $25,000 in currency notes. It may also issue $25,000 additional in such notes based upon commercial assets, and may increase such issues if it increases also its bond deposits and its holdings of reserve notes in equal proportions. This process may be continued up to the point where the amount of notes secured by bonds, the amount of notes not thus secured, and the amount of national reserve notes are each equal to 40 per cent. of the paid-up capital, making an aggregate of $80,000 in bank notes and $40,000 in reserve notes.

(3) When circulation is issued in excess of 80 per cent. of the paid-up capital, exclusive of issues of reserve notes, the excess is liable to a tax of one-half of 1 per cent. monthly.

(4) All paper money except silver certificates shall be in denominations of $10 and higher. Silver certificates issued by the treasury shall be in denominations of $1, $2 and $5 only.

(5) The burden of the current redemption of paper currency rests upon the banks. They are required to redeem their reserve notes over their own counters, and to maintain in the treasury a 5 per cent. gold fund for current redemption of the notes in gold. The reserve. notes are guaranteed by the government to be ultimately redeemed in gold from its own resources upon failure or liquidation of the bank to which they may have been issued.

The current redemption of currency notes not secured by United States bonds may be provided for by clearing-house districts under regulations prescribed by the Comptrollers of the Currency.

(6) The currency notes are redeemed, in case of failure of the issuing bank to redeem them, from a gold guaranty fund in the custody of the Secretary of the Treasury, known as the Bank-note Guaranty Fund, which is made up by each bank which takes out circulation upon its commercial assets contributing in gold 5 per cent. of its asset circulation. Upon the failure of a bank, its notes shall be immediately redeemed from this fund and the fund reimbursed from the assets of the failed bank. Bank notes form a first lien upon the assets and have behind them also the individual liability of the stockholders for assessment up to the amount of their stock. Should these forces fail to fully reimburse the fund, the treasury may made an assessment upon the national banks issuing asset circulation to reimburse it, but these assessments shall not in any one year exceed 1 per cent. of the asset circulation.

(7) Existing national banks may continue to do business under their present charters upon acceptance of the new law, but must comply with the requirement for taking out 25 per cent. of their capital in reserve notes.

Branch banks may be established in the discretion of the Secretary of the Treasury.

Stringent regulations are provided for the examination and conduct of national banks.

The reserve requirements in relation to banks are the same as

under the present law, except that 50 per cent. of these reserves must be in gold.

Banks are required to pay a tax of one-quarter of 1 per cent. per year upon their capital, surplus and undivided profits. The existing tax of 1 per cent. per year upon circulation is repealed.

(8.) The bill divides the operations of the treasury. The fiscal operations of collecting revenues and disbursing them for government expenditures are left as at present, but a new division is created, to be known as the Division of Issue and Redemption. This division is to be under the charge of three Comptrollers of the Currency, who take the place of the present Comptroller. All matters relating to the issue, redemption, and exchange of currency, whether, coin, government notes or bank notes, are entrusted to the Division of Issue and Redemption. The Secretary of the Treasury is authorized to transfer to it all funds in excess of a cash balance of 50 million dollars, and all gold and silver coin and bullion now held in the treasury for the purpose of redeeming United States notes, treasury notes and certificates. The Secretary of the Treasury is also authorized to transfer to this division from time to time such surplus revenues as the treasury may contain, and to issue short-term treasury certificates, if necessary, for the sole purpose of replenishing the reserve.

The Division of Issue and Redemption is required to redeem United States notes and treasury notes in gold, to exchange gold coin for silver dollars and silver dollars for gold coin or other lawful money; to redeem silver certificates in silver dollars, and to make other ordinary exchanges of currency. United States notes redeemed in gold are, from time to time, to be canceled. The division must maintain a gold reserve of 25 per cent. of the outstanding United States notes and treasury notes, and 5 per cent. of the silver dollars which have been coined.